

Committee: Stansted Airport Advisory Panel

Agenda Item

Date: 29th October 2013

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Title: Airports Commission – Update and response to recent speech by Sir Howard Davies entitled “Aviation capacity in the UK: emerging thinking”.

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Key decision: **No**

Summary

1. This report updates the Panel on the work of the Airports Commission and the progress made to date. The report includes the recent speech made by the Chairman of the Commission, Sir Howard Davies. The Commission welcomes comments on the speech, which have to be sent by 31st October. A draft reply is attached for the Panel to comment on.

Recommendations

2. That the Panel:
 - i) notes the progress made to date by the Airports Commission, and
 - ii) comments on the draft response to the recent speech by Sir Howard Davies.

Financial Implications

3. There are no financial implications associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	Since its inception in November 2012, the Commission has adopted an open and consultative approach.
Community Safety	None.
Equalities	None.
Health and Safety	None.

Human Rights/Legal Implications	None.
Sustainability	Sustainability is a key issue for the Commission to consider in both its interim and final reports.
Ward-specific impacts	Districtwide, but particularly those areas affected by noise and traffic associated with Stansted Airport and any potential land-take from proposed long-term options for new runways at the airport.
Workforce/Workplace	Officer and Member time in considering the response to the Commission Chairman's speech.

Situation

6. The Commission was launched on 2nd November 2012. Its terms of reference require that it reports no later than the end of 2013 (the "interim" report) on:
 - *its assessment of the evidence on the nature, scale and timing of the steps needed to maintain the UK's global hub status, and*
 - *its recommendation(s) for immediate actions to improve the use of existing runway capacity in the next 5 years – consistent with credible long term options.*

7. Its terms of reference also require that it should report no later than summer 2015 (the "final" report) on:
 - *its assessment of the options for meeting the UK's international connectivity needs, including their economic, social and environmental impact,*
 - *its recommendation(s) for the optimum approach to meeting any needs, and*
 - *its recommendation(s) for ensuring that the need is met as expeditiously as practicable within the required timescale.*

8. To aid its work, the Commission has published five discussion papers on *Aviation Demand Forecasting, Aviation Connectivity and the Economy, Aviation and Climate Change, Airport Operational Models and Aviation Noise*. The Council responded to all these discussion papers.

9. The Commission also published two guidance documents on *Submitting evidence and proposals to the Airports Commission* and *Long Term Capacity*

Options: Sift Criteria. The sift criteria were reported to the Panel on 6th June.

Long Term Options

10. In July, the Commission published the long term options that it has received and a list of the organisations making the submissions. In all, 58 submissions have been made to the Commission from those promoting runway extensions, new runways and/or new hub airports and from those arguing against the provision of any new capacity. The Commission will be publishing a shortlist of the most credible long term options, taking into account the Commission's assessment of the need for additional capacity, in December 2013 as part of its interim report. The shortlisted options will be subject to more detailed assessment (Phase 2 of the Commission's work) in 2014. There will then be further opportunities to comment and submit views on the shortlisted options in 2014.

11. In relation to Stansted, the long term options that have been submitted include (in summary):

Manchester Airports Group (M.A.G) – M.A.G say that developing new capacity at a number of airports is likely to be best for passengers. Should the Commission conclude that a new hub is needed, M.A.G considers that Stansted could accommodate 70-90mppa by way of a second runway either to the NW or E of the existing runway, or a 4-runway hub handling 140-160mppa.

Mayor of London – The Mayor proposes a new 4-runway hub airport built alongside the existing airport, which would be retained. The new airport would require a 600% land-take compared to the existing airport, and would handle 180mppa in 2050 and 1 million ATMs. Heathrow would close. The Mayor's preferred option is a new hub at the Isle of Grain, but Stansted is a close second in his analysis, ahead of a new hub in the Outer Thames Estuary.

Make Architects – They propose a new 4-runway hub incorporating an extended, existing runway. Similar proposals have also been put forward by MSP Solutions Limited and by Avery Associates Architects / First Class Partnerships, although the latter proposal sees Stansted competing with Heathrow.

Details of all these options are available on the Commission's website.

12. All the Stansted options appear to have common themes:

- there is the land to expand, although environmental effects are largely glossed over at this stage,
- fewer people would be affected compared to expanding Heathrow,
- there would be significant transport corridor enhancements, especially to the

rail network, and

- expansion at Stansted would be cheaper than other options (such as the Thames Estuary), but off-airport infrastructure would still need to be funded from the public purse.

13. Heathrow Airport is pressing for a third runway (different options are proposed to the previous short runway at Sipson) with provision to expand to a fourth if required. Gatwick Airport is pressing for a second runway, but sees this as part of a “constellation” of 2-runway airports competing against each other to serve the London and SE region. By implication, Stansted would eventually get a second runway, but Gatwick would be first.

Recent Engagement by the Commission

14. On 17th September, the Commission met with a small group of Members and Officers from the Council as part of a visit it paid to Stansted Airport. At the meeting, the Council reinforced its objections to further development at the airport. The Council responded at the end of September to the Commission’s request for any initial comments on the publication of the long term options.
15. On 7th October, Sir Howard Davies gave a speech entitled “Aviation capacity in the UK: emerging thinking”. The purpose of the speech was to counter any impression that the Commission was not forming ideas on anything at all. Sir Howard confirmed that the Commission remains on target to produce its interim and final reports. The full text of the speech is available on the Commission’s website.
16. In his speech, Sir Howard said that the Commission’s provisional conclusion is that additional net runway capacity in the SE will be needed in the coming decades. The significance of saying net capacity is that the Commission isn’t ruling out at this stage any options which may increase overall capacity by requiring other airports to close.
17. In coming to this conclusion, he countered the 4 main arguments used by those who think that new capacity isn’t required:

i) DfT forecasts have over-estimated aviation growth

The Commission accepts this, and hopes to be able to improve on the DfT’s forecasts. There is little sign of the low cost carrier market maturing and other European markets are growing. Videoconferencing is no real substitute for face-to-face contact, and more and more people are flying to visit friends and relatives. The Commission considers that the weight of demand will continue to be focussed in the SE, where there is the most demand for new routes. EuroControl has identified the UK and Turkey as the countries where capacity

constraints will bite the soonest.

ii) Airlines will be able to accommodate growth using existing runways

The Commission considers that operational improvements at existing airports won't result in transformational gains, and some spare capacity will be soaked up just to improve resilience. Airline fleets only change slowly, and loadings only increase gradually. Relocation to other airports is unlikely, as airlines will fly from the airports best suited to their needs. Private investors won't invest in new runways unless they have confidence they will be used.

iii) "Predict and provide" is outdated and contradicts the need to decarbonise

The Commission notes that the EU ETS has been suspended due to international opposition. A global agreement would be best, but is not guaranteed and the absence of a current agreement is not a good reason to hold down aviation growth in the meantime. The Commission will take its cue from the Committee for Climate Change which states that 60% aviation growth can be accommodated by 2050 (compared to a 2005 base), assuming decarbonisation in other sectors occurs to meet overall UK targets. This would result in aviation emissions rising from 6% of UK total emissions to 25%. It would not be the right approach to provide for no expansion, as this could merely lead to displacement effects. The Commission will be looking at how to achieve the maximum connectivity consistent with meeting UK climate change targets.

iv) Regional airports can take up spare capacity

The Commission acknowledges that some regional airports do serve large markets, but the largest demand is in the SE. Sir Howard said that Greater London residents make 2.5 flights per year (and its population will rise) – compared to just over 1.5 for the country as a whole. This statistic comes from Figure 4.4 in the Airport Operational Models Discussion Paper 04, which is sourced from CAA passenger surveys and ONS 2009 population statistics. The higher propensity to fly in Greater London is explained in the discussion paper mainly by the higher number of international residents in Greater London than in other regions and by its economic profile, with many more Greater London residents taking flights to visit friends and relatives and a higher level of aviation use for business purposes.

Some routes will continue to only be available from London, and the style of connectivity that Heathrow and Gatwick enjoy won't occur elsewhere. Some routes are longer from regional airports than from the SE, and legislative tools to limit locations of flights are restricted. Redistribution could see a higher number of flights by smaller aircraft to individual destinations which might not be sustainable. The Commission will look at HS2 re attractiveness of Birmingham. The Commission doesn't believe that it is feasible for most UK European trips under 1,000 km to be undertaken by high speed rail as the Channel Tunnel is, and will remain, a choke point.

18. At the end of his speech, Sir Howard took a number of questions from the audience. The following are the main points that were made in answer to those questions:

- The Commission has looked at the 2002 SERAS report for other potential options
- The Commission hopes to come up with just one long term option, but it could involve more than one new runway
- The interim report will include incremental surface access improvements to existing airports
- It is possible that the final report could be published earlier, but party leaders will be advised of its content beforehand
- There are no plans to replace Geoff Muirhead until at least after publication of the interim report
- No comments on the Mayor's options (Sir Howard did not comment on any individual option at all in his speech)
- The issue of blight will be included in the interim report, but this is something that the Government needs to look at
- The final report will include a full environmental assessment of the preferred long term option
- The interim report may rule out any very poor long term options
- The Commission will be taking a view on Crossrail 2, especially in relation to any options for Stansted or the Thames Estuary

19. Purposely, Sir Howard's speech was carefully scripted and delivered. Other than the broad preliminary conclusion that more net runway capacity will be required in the SE in the coming decades, no hints were given as to the most likely locations. During his speech, Sir Howard made no reference to landscape effects or cultural heritage impacts. The Council does have the opportunity to comment on the contents of the speech, and it is considered that this chance should be taken. A draft reply is attached to this report for the Panel's comments.

Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
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<p>The Commission recommends that Stansted Airport be expanded beyond 35mppa either by increasing capacity on the existing runway or by the construction of a further runway or runways.</p>	<p>2. There is some risk because the Commission may consider that any economic case for further SE airport capacity outweighs the environmental considerations. The Commission Chairman's recent speech is a strong indication that the Commission considers that there is a case for providing more SE runway capacity.</p>	<p>3. Any increase in the capacity of Stansted Airport beyond 35mppa would have a major effect on the district and beyond, including the quality of life of local residents.</p>	<p>The Council continues to respond to the work of the Commission as / when the opportunity arises.</p>
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1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.